

<b>Act Number:</b>	09-160	
<b>Bill Number:</b>	6232	
<b>Senate Pages:</b>	5670, 5701-5703	4
<b>House Pages:</b>	3132-3136	5
<b>Committee:</b>	Banks: 120-122, 440-441	5
	<b>Page Total:</b>	<b>14</b>

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**CONNECTICUT  
GENERAL ASSEMBLY  
SENATE**

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2009**

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so ordered, sir.

SENATOR LOONEY:

Yes. Thank you, Mr. President. Continuing  
Calendar Page 9, Calendar 629, House Bill 6232.

Mr. President, move to place that item on the Consent  
Calendar.

THE CHAIR:

Motion on the floor to place Calendar Number 629  
on the Consent Calendar. Without objection, so  
ordered.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, moving  
to Calendar Page 10, Calendar 634, House Bill 6544,  
Mr. President, move to place that item on the Consent  
Calendar.

THE CHAIR:

There's a motion on the floor to place Calendar  
Number 634 on the Consent Calendar. Without  
objection, so ordered, sir.

SENATOR LOONEY:

Yes, Mr. President. Thank you. Continuing  
Calendar Page 10, Calendar 636, House Bill 6483, I  
would move to place that item on the Consent Calendar.

THE CHAIR:

Motion on the floor to place Calendar Number 636

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Mr. Clerk, please call Consent Calendar.

THE CLERK:

Immediate roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the chamber. Immediate roll call has been ordered in the Senate on the Consent Calendar. Will all Senators please return to the chamber.

Mr. President, those items placed on the Second Consent Calendar --

THE CHAIR:

Mr. Clerk, please hold for a second.

I'm trying to hear the Clerk call the Consent Calendar and I'm sure you don't want to miss that vote either, so if I could have your attention and quiet, please.

Mr. Clerk.

THE CLERK:

The items placed on the Second Consent Calendar begin on Senate Agenda 1, substitute for House Bill 6486, substitute for House Bill 6649. Senate Agenda Number 3, House Bill 6394. Today's Calendar, Calendar Page 3, Calendar 317, Senate Bill 586; Calendar Page 4, Calendar 455, House Bill 5018; Calendar Page 7, Calendar Number 593, Substitute House Bill 5286; Calendar Page 8, Calendar 606, substitute

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for House Bill 5883; Calendar Page 9, Calendar 619,  
House Bill 6343; Calendar 626, House Bill 6476;  
Calendar 629, substitute for House Bill 6232; Calendar  
Page 10, Calendar 634, House Bill 6544; Calendar 636,  
substitute for House Bill 6483; Calendar Page 11,  
Calendar 649, substitute for House Bill 6466; Calendar  
Page 13, Calendar 663, substitute for House Bill 5254;  
Calendar Page 15, Calendar 680, substitute for House  
Bill 5821; Calendar Page 16, Calendar 684, House  
Bill 6231; Calendar Page 17, Calendar 689, substitute  
for House Bill 5421; Calendar Page 18, Calendar 695,  
substitute for House Bill 6419; Calendar Page 19,  
Calendar 699, substitute for House Bill 6284; Calendar  
Page 21, Calendar 711, House Bill 5099; Calendar 712,  
substitute for House Bill 6025; Calendar Page 22,  
Calendar 718, substitute for House Bill 5861; Calendar  
Page 23, Calendar 720, substitute for House Bill 5108;  
Calendar Page 32, Calendar 450, House Bill 6233;  
Calendar 467, substitute for Senate Bill 1031; and,  
Calendar Page 35, Calendar 205, substitute for Senate  
Bill 948. Mr. President, that completes the items  
placed on the Second Consent Calendar.

THE CHAIR:

Will you please call the Consent Calendar? The  
machine will be open.

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THE CLERK:

The Senate is now voting by roll call on the Consent Calendar. Will all Senators please return to the chamber. The Senate is now voting by roll call on the Consent Calendar. Will all Senators please return to the chamber.

THE CHAIR:

Have all Senators voted? If all Senators have voted, please check your vote. The machine will be closed. The Clerk will call the tally.

THE CLERK:

Motion is on adoption of Consent Calendar  
Number 2:

Total Number Voting	36
Those voting Yea	36
Those voting Nay	0
Those absent and not voting	0

THE CHAIR:

Consent Calendar Number 2 passes.

Senator Looney.

SENATOR LOONEY:

Thank you, Mr. President. Mr. President, would move for immediate transmittal to the House of Representatives of any items voted on, on Consent Calendar Number 2, requiring additional action by the

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**CONNECTICUT  
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week he finishes up his teaching year at the Arch Street School in Greenwich and then he embarks on a one-year tour of schools all around America to show how much teaching and schools, and what he can do for children in America. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. And Representative, I'm sure the gentleman has -- as the women Huskies have found, there's nothing like the House of Representatives after you've been to the Rose Garden.

The Clerk please call Calendar Number 211.

THE CLERK:

On page 36, Calendar 211, substitute for House Bill Number 6232, AN ACT CONCERNING THE CONNECTICUT BUSINESS OPPORTUNITY INVESTMENT ACT, favorable report of the Committee of Judiciary.

SPEAKER DONOVAN:

Representative Ellissa Wright.

REP. WRIGHT (41st):

Mr. Speaker, I move for acceptance of the joint committee's favorable report and passage of the bill.

SPEAKER DONOVAN:

The question is acceptance of the joint committee's favorable report and passage of the bill.

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Will you remark, madam?

REP. WRIGHT (41st):

Thank you, Mr. Speaker. This bill makes changes to the Connecticut Business Opportunity Investment Act to strengthen protection of potential purchaser investors by increasing disclosure requirements by the seller of a business opportunity, clarifying the process for registering a business opportunity, enhancing the banking commissioner's enforcement authority and getting the commissioner additional grounds for denying, suspending or revoking registrations. It also makes conforming changes.

The Banking Department is responsible for registering and regulating sellers of business opportunities to ensure the potential purchasers of a business opportunity can educate themselves and have the necessary information to make an informed decision about the business history of the seller and full disclosure of relevant information about the business opportunity. These business opportunities are similar to franchises, but are without the trademark. This bill adds definitions, consolidates existing registration procedures and expands the disclosure requirements. It eliminates some exclusion and

expands the situations under which the Commissioner can issue a stop order. It also specified that a trust account associated with selling a business opportunity can be with a licensed bank or other depository institution. The bill prohibits a person in connection with any procedures under the act from omitting to state a material fact, so as to make the statement and light of the circumstances under which it was made false or misleading.

It is in the State's interests, Mr. Speaker, to make sure that sellers of these business opportunities are legitimate and the strengthened disclosure requirements of such information as the nature of the business opportunity, the range of goods and services provided, the value and profitability of the opportunity and the seller's financial stability and prior experience, all strengthen these protections. The bill received the unanimous support of the Banks Committee and the Judiciary Committee and I urge support.

SPEAKER DONOVAN:

Thank you, Representative. Will you remark further on the bill? Representative Harkins.

REP. HARKINS (120th):

Thank you, Mr. Speaker Mr. Speaker I rise in support of the bill. As we're talking about Connecticut business opportunities, these business opportunities usually involve a significant investment to a buyer. Falls claims made by a seller can put the buyer in a very, very difficult position if they're given false information. This bill further enhances disclosures by the seller of a business opportunity. This bill is also supported by the Department of Banking, it was supported by the Banking Committee. And I urge my fellow members to support this bill. Thank you, Mr. Speaker.

SPEAKER DONOVAN:

Thank you, Representative. Remark further on the bill? Remark further on the bill? If not, staff and guests please come to the well of the House. Members take their seats. The machine will be open.

THE CLERK:

The House of Representatives is voting by roll call. Members to the chamber. Members to the chamber. The House is voting by roll call.

SPEAKER DONOVAN:

Have all the members voted? Have all the members voted? If all the members voted, please check the

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board to make sure your vote has been properly cast.  
If all the members voted the machine will be locked  
and the Clerk will please take a tally. Will the  
Clerk please announce the tally.

THE CLERK:

House Bill 6232.

Total Number Voting	142
Necessary for Passage	72
Those voting Yea	142
Those voting Nay	0
Those absent and not voting	9

SPEAKER DONOVAN:

Bill is passed.

Representative Reeves, for what reasons do you  
stand? She's off.

REP. REEVES (143rd):

Sorry. Am I on? Okay. Mr. Speaker, I would  
like a journal notation, that I want to vote in the  
affirmative for the last vote.

SPEAKER DONOVAN:

Actually Representative, it will be noted in the  
transcript. Thank you, Representative.

REP. REEVES (143rd):

Thank you.

**JOINT  
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**BANKS  
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**2009  
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1  
mhr BANKS COMMITTEE

February 24, 2009  
10:00 A.M.

CHAIRMEN: Senator Duff  
Representative Barry

VICE CHAIRMEN: Senator Crisco  
Representative Wright

MEMBERS PRESENT:  
SENATOR: Kane

REPRESENTATIVES: Frey, Graziani,  
Guerrera, Hamzy, Harkins,  
Kirkley-Bey, Larson,  
O'Connor, Schofield,  
Stripp, Widlitz

SENATOR DUFF: Could everybody please take their  
seats? Good morning. Thank you.

I'd like to reconvene the public hearing for  
the Banks Committee and thank everybody for  
their patience, as we settle in this morning.

I might as well get started, and first up is  
Alan Chichetti from the banks -- Banking  
Department.

Good morning.

ALAN CHICHETTI: Good morning, Chairman Duff.

Members of the committee, my name is Alan  
Chichetti, and I am the Deputy Banking  
Commissioner of the Connecticut Department of  
Banking, here on behalf of Commissioner  
Pitkin, who is ill.

I am here to testify in favor of five pieces  
of legislation. Since I am testifying on so  
many bills, I will attempt to keep my remarks  
as brief as possible.

SB617  
HB6232  
HB6368  
HB6366  
HB6367

The first bill I am commenting on is SB 617, An Act Concerning Branching And Authority To Implement The National Defense Authorization Act. This bill would eliminate the requirement that banks submit a Community Reinvestment Act plan with certain applications, provided certain conditions are met and unless the agency determines the submission of such a plan is appropriate. These plans are costly for the bank to produce and are rarely examined by outside individuals. During these difficult economic times, this action will save Connecticut banks expense.

Since the original inception of the bill, the agency has asked the committee to add an important provision to the bill. This new section would add language which would allow for the preliminary approval of investors who the agency determines to have the funds to form a bank. This power would be a temporary one, in place for only two years. I believe it would be a valuable tool in attracting business and economic development to our region during this difficult time.

The next bill is HB 6232, An Act Concerning The Connecticut Business Opportunity Investment Act. This bill makes certain technical changes, clarifies the agency's business opportunity registration process, enhances disclosures by the seller of a business opportunity, and strengthens the enforcement authority of the department.

The next three bills are proposed by the Governor's office. Our agency has worked extensively with the Governor's office over the past few months in developing these proposals, and we hope to see them through to passage. I thank the Governor for her support and for her work with the Department of

Banking on behalf of the people of Connecticut, especially in these trying times.

The first proposal, HB 6366, An Act Concerning Consumer Credit Licenses fills certain gaps in the agency's enforcement authority and provides the department with certain enforcement tools related to licensee and debt adjusters. The bill also contains new provisions governing payday loans and how to control this type of lending in Connecticut. The department has been working with the Attorney General and other concerned parties in the drafting of this section and believes this language works for all involved.

HB 6367, An Act Concerning Mortgage Practices is a proposal which adds new provisions that define residential mortgage fraud. It also makes a single act of residential mortgage fraud a Class C felony and two or more acts of residential mortgage fraud a Class B felony. The proposal would make certain definitional and technical changes in the Banking Statutes. The bill originally made certain changes to the reverse mortgage statutes, but the department is requesting this language be withdrawn. We are continuing to research the issue and believe that we need additional time to develop a stronger, more-comprehensive response to the issue.

The final bill is HB 6368, An Act Concerning Implementation Of The S.A.F.E. Mortgage Licensing Act. This bill sets forth the policy statement from the Model Act for Implementation of the S.A.F.E. Mortgage Licensing Act, developed by the Conference of State Bank Supervisors in conjunction with the American Association of Residential Mortgage Regulators. The bill details the process for the implementation of the act and the requirements specified related to

**JOINT  
STANDING  
COMMITTEE  
HEARINGS**

**BANKS  
PART 2  
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**2009**

**TESTIMONY SUBMITTED TO THE BANKS COMMITTEE**  
**February 24, 2009**

*Commissioner Howard F. Pitkin*  
*Department of Banking*

**SB 617, AN ACT CONCERNING BRANCHING AND AUTHORITY TO IMPLEMENT THE NATIONAL DEFENSE AUTHORIZATION ACT,**  
**HB 6232, AN ACT CONCERNING THE CONNECTICUT BUSINESS OPPORTUNITY INVESTMENT ACT,**  
**HB 6366, AN ACT CONCERNING CONSUMER CREDIT LICENSES,**  
**HB 6367, AN ACT CONCERNING MORTGAGE PRACTICES AND**  
**HB 6368, AN ACT CONCERNING IMPLEMENTATION OF THE S.A.F.E. MORTGAGE LICENSING ACT**

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Good morning Chairman Duff, Chairman Barry, members of the committee, my name is Howard F. Pitkin and I am the Commissioner of the Connecticut Department of Banking. I am here to testify in favor of five pieces of legislation. Since I am testifying on so many bills I will attempt to keep my remarks as brief as possible.

The first bill I would like to comment on is SB 617, An Act Concerning Branching and Authority to Implement the National Defense Authorization Act. This bill would eliminate the requirement that banks submit a Community Reinvestment Act plan with certain applications provided certain conditions are met and unless the agency determines the submission of such a plan is appropriate. These plans are costly for the bank to produce and are rarely examined by outside individuals. During these difficult economic times, this action will save Connecticut banks some expense.

Since the original inception of the bill the agency has asked the committee to add an important provision to the bill. This new section would add language which would allow for the preliminary approval of investors who the agency determines to have the funds to form a bank. This power would be a temporary one, in place for only two years. I believe it would be a valuable tool in attracting business and economic development to our region during this difficult time.

The next bill I want to speak on is HB 6232, An Act Concerning the Connecticut Business Opportunity Investment Act. This bill makes certain technical changes, clarifies the agency's business opportunity registration process, enhances disclosures by the seller of a business opportunity and strengthens the enforcement authority of the department.

The next three bills I wish to comment on are bills proposed by the Governor's office. The agency has worked extensively with the Governor's office over the past few months

in developing these proposals and we hope to see them through to passage. I thank the Governor for her support and for her work with the Department of Banking on behalf of the people of Connecticut, especially in these trying times.

The first proposal, *HB 6366, An Act Concerning Consumer Credit Licenses* fills certain gaps in the agency's enforcement authority and provides the department with certain enforcement tools related to licensee and debt adjusters. The bill also contains new provisions governing payday loans and how to control this type of lending in this state. The department has been working with the Attorney General and other concerned parties in the drafting of this section and believes this language works for all involved.

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The final bill I would like to comment upon is *HB 6368, An Act Concerning Implementation of the S.A.F.E. Mortgage Licensing Act*. This bill sets forth the policy statement from the Model Act for Implementation of the S.A.F.E. Mortgage Licensing Act ("SAFE") developed by the Conference of State Bank Supervisors/American Association of Residential Mortgage Regulators.

The bill details the process for the implementation of the act and the requirement specified related to registration, freedom of information and employment in the industry.

I would like to point out that this proposal is necessary because if Connecticut fails to implement SAFE within a year from its effective date of July 1, 2008, the Department of Housing and Urban Development may take over regulation of mortgage loan originators in Connecticut. This action would dramatically limit the oversight the Connecticut Department of Banking would have over these individuals

Thank you for your attention to these matters and I will answer any questions you may have on this or any other bills.